



NEWS RELEASE

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FOR IMMEDIATE RELEASE

FORMER GREEN HILLS OFFICIALS INDICTED FOR PUBLIC CORRUPTION

KANSAS CITY, Mo. – Todd P. Graves, United States Attorney for the Western District of Missouri, announced that a Trenton, Mo., man and woman who formerly served as officials with the Green Hills Regional Planning Commission were indicted by a federal grand jury today on public corruption charges.

Michael R. Johns, 52, and **Denise K. Stottlemire**, 52, both residents of Trenton, were charged in a 19-count indictment returned by a federal grand jury in Kansas City.

Today's indictment alleges that **Johns** and **Stottlemire** received nearly \$400,000 in unauthorized wages, and that companies they operated and controlled received \$543,972 in unauthorized loans.

The Green Hills Regional Planning Commission (Green Hills RPC), headquartered in Trenton, is an economic development agency for an 11-county area in north central Missouri. **Johns** was the executive director from 1980 to 2002, and **Stottlemire** was employed as a community planner and assistant director from 1990 to 2002. The Green Hills RPC received funds from a number of federal agencies.

Green Hills Rural Development, Inc. (Green Hills RDI) is a not-for-profit corporation formed by Green Hills RPC in 1981 to be able to receive grants, primarily from a number of federal agencies, to promote rural economic development. **Johns** was an assistant vice president on the board from 1981 to 2002, and he served as the executive vice president from 1997 to 2002. **Stottlemire** was not a board member or an officer, but performed grant administration work.

Green Hills RPC provided the staff for Green Hills RDI, and **Johns** and **Stottlemire** both performed duties for both entities and received salaries from Green Hills RPC.

Unauthorized Wages Of \$399,530

Today's indictment alleges that **Johns** and **Stottlemire** received unauthorized wages from Green Hills RDI. **Johns** allegedly received \$353,355 in unauthorized wages from Green Hills RDI from 1994 to 2002, in addition to his regular salary from Green Hills RPC. **Stottlemire** allegedly received \$46,175 in unauthorized wages from Green Hills RDI from 1994 to 2002, in addition to her regular salary from Green Hills RPC.

According to the indictment, **Johns** and **Stottlemire** used a facsimile signature stamp of the secretary-treasurer of the board of directors of Green Hills RDI on all unauthorized wage checks, which required two signatures. This signature stamp, the indictment says, was used without the knowledge or consent of the secretary-treasurer or the board of directors.

In furtherance of their conspiracy, the indictment alleges, **Johns** and **Stottlemire** concealed the unauthorized wages paid to them by submitting false employment contracts to an auditor performing the 1999 annual Independent Audit Report for Green Hills RDI. Those false employment contracts, according to the indictment, contained the forged signature of the president of the Green Hills RDI board of directors. The Independent Audit Report was submitted on Oct. 31, 2001, as required by the Economic Development Administration, U.S. Department of Commerce.

It was also part of the conspiracy, the indictment alleges, that **Johns** and **Stottlemire** used funds from a \$400,000 federal grant to pay unauthorized wages. The Access 2000 grant, from the Department of Housing and Urban Development, was supposed to be used for training individuals in entrepreneurial skills, not for wages of employees. According to the indictment, approximately \$240,000 was used for the unauthorized wages paid to **Johns** and **Stottlemire** between 1994 and 1998. In order to support payments from the Access 2000 grant, **Johns** allegedly submitted false and fraudulent time sheets representing that he was entitled to the funds.

Unauthorized Loans of \$543,972

The indictment also alleges that **Johns** and **Stottlemire** received proceeds of unauthorized and undocumented loans from Green Hills RDI, including loans which benefitted companies that they operated and controlled.

Johns and **Stottlemire** allegedly made unauthorized and undocumented loans from the revolving loan fund provided to Green Hills RDI by the Economic Development Administration to Chillicothe-Brunswick Rail Maintenance Authority (CBRA) and Chillicothe, Sumner & Triplett Railway Company, which was later renamed CS&T Company, Inc. (CS&T).

Johns was the vice president and board member of CBRA, which operated a 37-mile short-line railroad between Chillicothe and Brunswick, Mo. **Johns** was the president and sole shareholder of CS&T, which was used to lease rail equipment to CBRA. **Stottlemire** was the treasurer and board member of CBRA, and treasurer of CS&T.

According to the indictment, those loans were made without the knowledge, approval, or authorization of the board of directors of Green Hills RDI and in violation of the loan limit restrictions of the Economic Development Administration. Although one properly authorized loan was approved for an amount not to exceed \$120,000, the indictment says, **Johns** and **Stottlemire** made additional unauthorized loans to CBRA totaling in excess of \$480,000 from 1994 to 2002.

As of July 2003, the balance due from CBRA in connection with these loans was \$658,796 (including accumulated interest).

The indictment also alleges that **Johns** and **Stottlemire** made unauthorized and undocumented loans to CBRA from the Green Hills RDI General Fund totaling \$63,972 without the authorization or knowledge of the Green Hills RDI board of directors from 1996 to 2001.

In January 2002, there was a balance due of \$59,696 on these loans.

In furtherance of the conspiracy, the indictment alleges, **Johns** and **Stottlemire** used a facsimile signature stamp of the secretary-treasurer of the board of directors of Green Hills RDI on the unauthorized loan checks to CBRA. This signature stamp, the indictment says, was used without the knowledge or consent of the secretary-treasurer or the board of directors.

The indictment also alleges that **Johns** and **Stottlemire** used portions of the unauthorized loans to make over \$80,000 in payments to CS&T for leases of rail equipment to CBRA, contrary to Economic Development Administration conflict of interest policy and without disclosure of Johns' ownership interest in CS&T.

Johns sent annual certifications to the Economic Development Administration, says the indictment, falsely certifying that Economic Development Administration policies had been followed, although **Johns** knew that the unauthorized and undocumented loans to CBRA and the lease payments to CS&T were contrary to loan limit and conflict of interest policies. **Johns** allegedly caused forged signatures of the president of the board of the directors of Green Hills RDI to be placed on board resolutions concerning the annual certifications which were sent to the Economic Development Administration.

Count One of the federal indictment alleges that **Johns** and **Stottlemire** participated in a conspiracy to commit program fraud and to use false documents.

Counts Two through Five of the federal indictment allege that **Johns** received \$30,350 in unauthorized wages in 1999, \$32,900 in unauthorized wages in 2000, \$33,350 in unauthorized wages in 2001 and \$36,000 in unauthorized wages in 2002.

Counts Six through Eight of the federal indictment allege that both defendants paid \$5,000 in unauthorized wages to **Stottlemire** in 1999, \$5,100 in 2000 and \$6,000 in 2002.

Counts Nine through Twelve of the federal indictment allege that **Johns** and **Stottlemire**

made a \$42,200 unauthorized loan to CBRA from the Green Hills RDI revolving loan fund in 1999, a \$26,065 unauthorized loan in 2000, a \$9,649 unauthorized loan in 2001 and a \$24,000 unauthorized loan in 2002.

Counts Thirteen and Fourteen of the federal indictment allege that **Johns** and **Stottlemire** made a \$21,153 unauthorized loan to CBRA from the Green Hills RDI general fund in 1999 and a \$26,065 unauthorized loan in 2000, a \$9,649 unauthorized loan in 2001 and a \$24,000 unauthorized loan in 2002.

Counts Fifteen through Eighteen of the federal indictment allege that **Johns** provided false annual reports for the Economic Development Administration's revolving loan grant from 1999-2002. Those annual reports, the indictment alleges, contained materially false statements.

Count Nineteen of the federal indictment alleges that both defendants made and used false documents consisting of employment contracts for the years 1996 through 1999, which were submitted to the auditor preparing the 1999 Independent Audit Report for Green Hills RDI.

Graves cautioned that the charges contained in the indictment are simply accusations, and not evidence of guilt. Evidence supporting the charges must be presented to a federal trial jury, whose duty is to determine guilt or innocence.

This case is being prosecuted by Assistant U.S. Attorney J. Daniel Stewart. It was investigated by the Federal Bureau of Investigation and the U.S. Department of Commerce, Office of Inspector General.

This news release, as well as additional information about the office of the United States Attorney for the Western District of Missouri, is available on-line at

www.usdoj.gov/usao/mow